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France

Product Brief

U.S. Opportunities in France's Readty to Eat and Snack Market

2007

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Report Highlights:
Lifestyle and demographic changes have fueled growth in the ready-to-eat and snack distribution outlets representing over 45,000 points of sale in France, with 2006 sales growth over five percent. Best prospects are chips and crisps, snack foods, bagels, wraps, ice creams, dried fruits and nuts, confectionary and chocolate, fruit juices and soft drinks, soups and convenience foods.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Paris [FR1]
[FR]

Average Exchange rate:
Calendar Year 2006: USD 1 = 0.796 Euros
(Source: Paris Stock Exchange/European Central Bank)

SECTION I. MARKET OVERVIEW

1. Key Macro-Economic Factors Driving Demand in France for Snacks and Ready to Eat Foods

Since 2002, the following factors have fueled growth in the French snack and ready to eat foods sector:

- Trend toward reduction in length of meal times, both lunch and dinner, and less formality
- Increase in the number of working women, with a current rate of 87 percent, means less home preparation of meals
- Decline in the number of working hours has created more time for leisure and related activities, instead of domestic tasks
- Growing urban population
- French teenagers are more independent and when choosing food, they are interested in less traditional fare and are increasingly choosing ready to eat products.

2. Definition and Key Figures for the Food Service Sector

The food service sector is any place where one buys prepared or non-prepared food outside the home.

In 2006, with sales of 72 billion euros ($90 billion), commercial catering was the most dynamic segment of the food service sector, with fast food and alternate distribution outlets (gas stations, transport areas, delivered catering, food stores, street vendors, etc.) offering over 45,000 points of sale. Over 60 percent of commercial catering concentrates on sales between 5-15 Euros ($6-19) (*). Alternate distribution outlets represent 12 percent of the total food service market in France.

3. Fast Food and Alternate Distribution Outlets are booming

The increased popularity of snacks and ready to eat products in France is an emerging trend among consumers, with over five percent annual growth in 2006. Fast food outlets and alternate distribution outlets offer food such as sandwiches, product concepts (salad and soup bars, juices bar, coffee shop, etc.), other concepts such as kebabs, noodles, pizza, sushi, as well as service deli counters offering express meal solutions, generally operating in cafeterias or in supermarkets.

(*) Per Gira Conseil - Consultant Company

Key strategies for the French fast food and alternate distribution outlets include:

- Establish and reinforce identity: modify concepts, marketing product differences
- Control prices
- Increase efficiency, rapidity
- Optimize sales
- Accentuate nutrition/health
- Innovate and anticipate trends

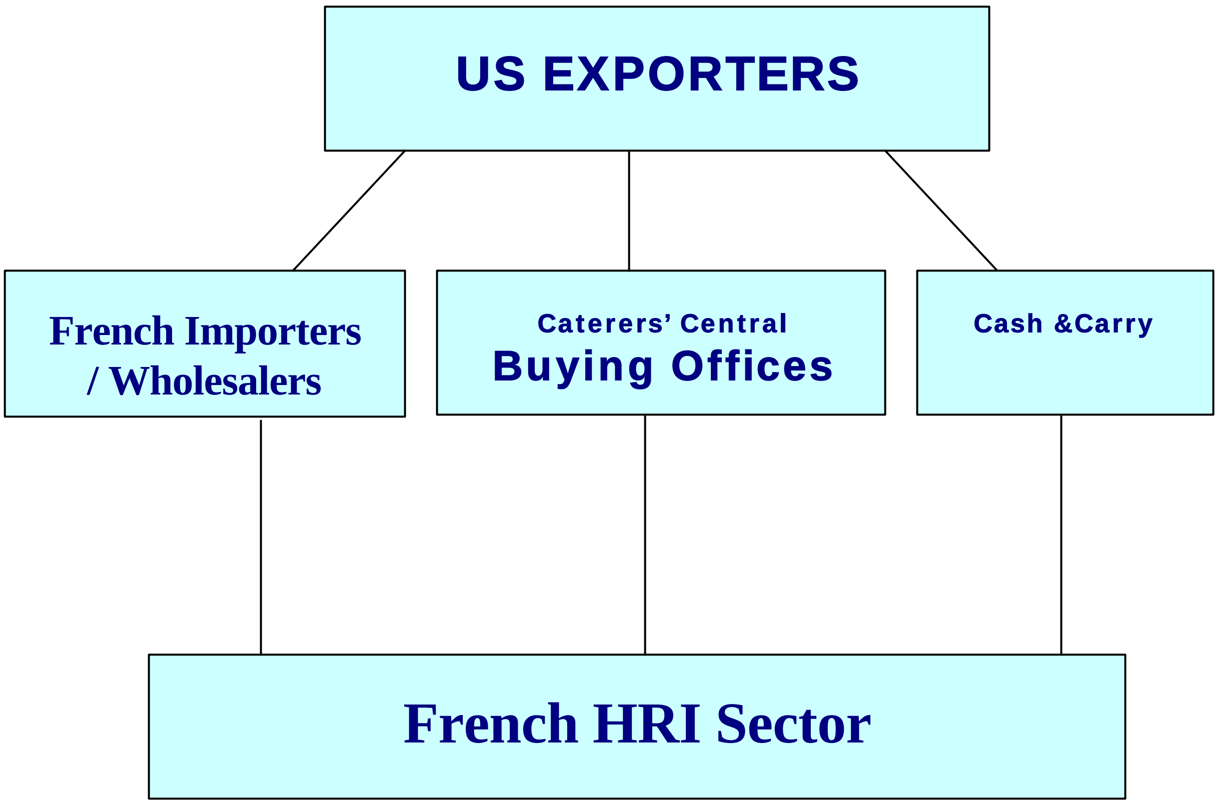
4. Ready to eat and Snacks: Advantages, Opportunities and Challenges Facing U.S. Products in France

Advantages/Opportunities	Challenges
The United States offers a variety of new innovative products which French consumers are looking for	Domestic and intra-EU imports dominate the supply chain
Busier lifestyles and demographic changes fueling growth in the fast food and alternate distribution outlets in single portion format	Adapt U.S. products to French consumers' needs regarding practicality, variety, quality and packaging
Weakness of the U.S. dollar vis-à-vis the Euro benefits U.S. products	Price competition is fierce
French consumers demand quality, innovative, healthy products	U.S. suppliers must adapt products to French consumers' tastes and expectations at moderate prices
U.S. fast food chains, theme restaurants, and the food processing industry are raising demand for American food products	Certain food ingredients are banned or restricted from the French market

SECTION II. ROAD MAP FOR MARKET ENTRY

1. Entry Strategy

The diagram below indicates product flow in this market segment.



The ready to eat and snack sectors dominate the fast food and alternate distribution circuits, with over five percent annual growth, and 45,000 points of sale in France. These points of sale are operated by companies and large corporations or franchises with central buying offices or, for most of them, through cash and carry channels or specialized wholesalers.

Cash & Carry wholesalers display a wide selection of food and non-food products in large stores. They sell to food retailers, and the food service sector, (i.e., restaurants and restaurant chains). Cash & carry vendors offer competitive prices, a variety of products, extended operating hours and immediate product availability. Major cash & carry groups are Metro (French subsidiary of Metro/Germany) and Promocash (a subsidiary of Carrefour) together representing 75 percent of total sales in the wholesale sector.

Specialized Distributors/Wholesalers have, as their main activity, distribution of food products. They have dry and cold storage facilities with refrigerator/freezer trucks for deliveries. They buy from processing companies, foreign exporters or importers.

2. Market Access

U.S. exporters should consider the financial strength, number and location of outlets, product diversification and purchasing policy of the business when targeting major outlets. In addition, U.S. exporters should consider the following in formulating their entry strategy:

- Check EU and French regulations, e.g., hormone-free meat, biotech regulations, etc., and carefully verify the acceptability of each product's ingredients and additives. For information on EU regulations, visit the following website:

  http://useu.usmission.gov/agri/

- Check EU and French food safety requirements: As of January 1, 2006, France reinforced and supplemented the 178/2002/EU Food Law and the 852/2004 "H1" regulation on food safety. Both regulations may be found at:

  http://eur-lex.europa.eu/en/index.htm

- Verify the price competitiveness of the product compared to local and other imported products; check customs clearance requirements and any additional import charges based on sugar, milk, fat and starch content.

- Identify local agents/distributors, who can promote and distribute U.S. products to the food to go and snacking sector, and who order small volumes on a regular basis.

3. Duties and Labeling/Packaging Requirements

Import Duties

The EU applies import duties (which differ according to the type of product), plus variable levies to sugar, milk-fat and milk protein content in the product. The exact amount of duties can be obtained from your importer, your freight forwarder or directly from French Customs which determines the final classification of a product. For additional information, please visit the French customs website at: http://www.douane.gouv.fr/

In addition to the tariff rates, a value-added tax (VAT) of 5 percent is imposed on all processed and non-processed food products.

Basic Labeling/Packaging/Ingredient Requirements

Labels must be written in French and include the following information:

- Product definition
- Shelf life: Indicate "used by", and "best before" dates and other storage requirements
- Precautionary information or usage instructions, if applicable
- Statement of contents: ingredients, weights, volumes, etc., in metric units. All additives, preservatives and color agents must be noted on the label with their specific group name or "E" number
- Product's country of origin and name of importer or vendor within the EU
- Manufacturer's lot or batch number

Note that additional information on labeling requirements, including allergen, nutritional/health claims and trade/labeling restrictions related to biotechnology may be found in Post report:

http://www.fas.usda.gov/gainfiles/200708/146291922.pdf

SECTION III. BEST PRODUCT PROSPECTS

The sector uses imported products if local alternatives cannot be found. Niche opportunities for U.S. suppliers exist for a range of diverse products such as pizzas, confectionary and chocolate products, nutritional bars, snack foods, bagels, wraps, ice creams, fruit juices and soft drinks (including flavored spring waters), chips and crisps, dried fruits and nuts, fresh fruits including exotic fruits and vegetables for vacuum packaging, beef jerky, soups, and all kinds of finger foods and convenience foods, provided they are innovative, and offer attractive packaging. The ready to eat market in France also provides opportunities for hot drinks (coffee, tea, etc.).

SECTION IV. TRADE SHOWS AND POST CONTACTS AND FURTHER INFORMATION

FAS/Paris recommends the following major European and international trade shows in France featuring ready to eat and snack foods:

Trade Show (International and European)

MDD - DISTRIBUTION
Salon International des Marques Distributeurs Alimentaires
The International Private Label Food Trade Show in France including Ethnic and Halal foods
Parc Expo - Paris Porte de Versailles
March 26-27, 2008
Organizer: Emap-Agor
Tel: (33 5) 53 36 78 78
Contact: Gilles Ferrod
Email: gferrod@emap-agor.fr
www. mdd-expo.com

EUROPAIN
International Chocolate, Sugar and Bakery Trade Show
March 29-April 2, 2008
Parc des Expositions - Paris-Nord Villepinte
Organizer: Exposium
Tel: (33 1) 49 68 52 26
Fax: (33 1) 49 68 56 39
Contact: Mr. Jalquier
email: jalquier@exposium.fr
www.salonboulangerie.com

VAE EXPO - Specialized in the Redy to Eat and Snacks -
Le Salon de la Vente a Emporter et de la Restauration Urbaine et Nomade
Paris Expo - Porte de Versailles
September 11-12, 2008
Organizer: Exposium
Tel: (33 1) 49 68 51 00/54 22
Fax: (33 1) 49 68 54 49
Contact: Catherine Benhammou
email: cbenhammou@exposium.fr

SALON INTERNATIONAL DE L'ALIMENTATION
SIAL - International Food and Beverage Trade Show (USDA endorsed)
October 19-23, 2008
Parc des Expositions - Paris-Nord Villepinte
Organizer: Imex Management
Tel: (704) 365 0041
Fax: (704) 365 8426
Contact: Kelly Wheatley
Email: kellyw@imexmgt.com
www.sial.fr

Post Contacts and Further Information

The Office of Agricultural Affairs of the American Emnbassy in Paris can supply any U.S. company with the complete list, addresses, telephone/fax numbers, Emails and contact names of the major players in the Food to Go and Snacking sector.

Office of Agricultural Affairs
American Embassy
2, avenue Gabriel - 75382 Paris Cedex 08, France
Tel: (33 1) 43 12 2264
Fax: (33 1) 43 12 2662
Email: agparis@fas.usda.gov
internet: www.amb-usa.fr/fas/fas.htm

For more information on exporting U.S. food products to France, visit our homepage. For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page of the U.S. Department of Agriculture at:

http://fas.usda.gov/

Reports identified below are relevant and complementary information to this report for France:

Report Number	**Name**	**Hot Link**
FR6055	Brief: Dried Fruits	http://www.fas.usda.gov/gainfiles/200702/146280094.pdf
FR6056	Brief: Sweet, Savory Snacks & Snack Bars in France	http://www.fas.usda.gov/gainfiles/200702/146280095.pdf
FR6058	Brief: Confectionery, Chocolate & Cocoa Products	http://www.fas.usda.gov/gainfiles/200702/146280097.pdf
FR6064	Retail Food Sector Annual	http://www.fas.usda.gov/gainfiles/200702/146280102.pdf
FR6065	Brief: Nuts	http://www.fas.usda.gov/gainfiles/200702/146280103.pdf
FR7012	HRI Food Service Sector	http://www.fas.usda.gov/gainfiles/200703/146280654.pdf
FR7023	Food & Agricultural Import Regulations and Standards Annual	http://www.fas.usda.gov/gainfiles/200708/146291922.pdf
FR7028	Exporter Guide	http://www.fas.usda.gov/gainfiles/200710/146292590.pdf